

Message Text

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT: BRITISH POSITION PAPERS ON TERMS OF TRADE IN
COMMODITIES OTHER THAN OIL AND THE NEW INTERNATIONAL
ECONOMIC ORDER

1. FOREIGN AND COMMONWEALTH OFFICE HAS PROVIDED US WITH
DRAFTS OF TWO PAPERS ON TERMS OF TRADE IN PRIMARY
COMMODITIES OTHER THAN OIL AND THE NEW INTERNATIONAL
ECONOMIC ORDER. ON PROVIDING THESE MARCH 13, FOREIGN
OFFICE RENEWED ITS REQUEST FOR CHANCE TO READ US PAPERS
BEFORE MEETING BEGINS. TEXTS FOLLOW.

"PROPOSALS TO INCLUDE TERMS OF TRADE IN OTHER PRIMARY
COMMODITIES IN THE DIALOGUE.

1. OIL IS A UNIQUE COMMODITY AND HAS PHYSICAL AND
OTHER CHARACTERISTICS NOT READILY FOUND IN OTHER COM-
MODITIES (EG., IT IS NOT READILY SUBSTITUTED OR RE-
CYCLED, IT IS A FINITE RESOURCE AND ITS PRODUCTION IS
UNDER CLOSE CONTROL).

2. PRIMARY COMMODITIES IN INTERNATIONAL TRADE ARE
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NOT UNIFORM IN CHARACTER AND CAN ONLY BE CONSIDERED ON

A COMMODITY BY COMMODITY BASIS. THE PROBLEMS AFFECTING THE VARIOUS BROAD CATEGORIES OF COMMODITY (RENEWABLE OR NON-RENEWABLE: INDUSTRIAL OR COMESTIBLE: PERISHABLE OR STOCKABLE: OPEN TO OR FREE FROM SUBSTITUTION, ETC., ETC.) ARE DIFFERENT AND THEIR DIFFERING SOLUTIONS REQUIRE SEPARATE STUDY. A CONFERENCE DEDICATED TO ONE MAJOR COMMODITY (OIL) COULD NOT BE EXPECTED TO FIND SOLUTIONS FOR OTHER COMMODITIES.

3. EMPHASIS ON THE TERMS OF TRADE OF PRIMARY COMMODITIES IS MISLEADING: A PREFERABLE COURSE IS TO SEEK TO IMPROVE THE TERMS OF TRADE OF PRIMARY PRODUCING COUNTRIES BY HORIZONTAL AND VERTICAL DIVERSIFICATION AND BY INCREASING INDUSTRIALIZATION.

4. THE IMPLICIT IDENTIFICATION OF PRIMARY PRODUCERS WITH POOR DEVELOPING COUNTRIES IS INACCURATE. THERE ARE POOR DEVELOPING COUNTRY PRODUCERS WHICH ARE SIGNIFICANT IMPORTERS OF PRIMARY COMMODITIES AND THERE ARE RICH DEVELOPED COUNTRIES WHICH ARE SIGNIFICANT EXPORTERS.

5. THERE ARE AMPLE OPPORTUNITIES IN OTHER FORA TO DISCUSS INTERNATIONAL TRADE IN COMMODITIES. THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT COMMITTEE ON COMMODITIES HAS AN ONGOING PROGRAMME OF STUDIES ON THE FEASIBILITY OF AN INTEGRATED PROGRAMME FOR COMMODITIES: THERE IS TO BE A SEVENTH SPECIAL SESSION OF THE GENERAL ASSEMBLY ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION. THE PROBLEM OF RAW MATERIALS WILL ALSO COME UP AT THE SECOND GENERAL CONFERENCE OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION: THE NEXT SESSION OF UNCTAD IN NAIROBI (1976) WILL ALSO PROVIDE AN OPPORTUNITY TO CONSIDER PROBLEMS OF COMMODITY TRADE."

" 1. FOLLOWING TEXT OF OUR POSITION PAPER ON THE NEW INTERNATIONAL ECONOMIC ORDER. BEGINS:--

(I) WE RECOGNIZE THE IMPORTANCE WHICH THE DEVELOPING COUNTRIES ATTACH TO THE CONCEPT OF THE N.I.E.O.

(II) WE SHALL DO OUR BEST TO TAKE ACCOUNT OF THE LEGITIMATE ASPIRATIONS OF THE DEVELOPING COUNTRIES.

(III) HOWEVER, THERE ARE ALSO INTERESTS WHICH THE INDUSTRIALIZED COUNTRIES ARE NOT REPEAT NOT PREPARED TO SACRIFICE. WE SHOULD SEEK TO FOCUS ATTENTION ON AREAS WHERE PROGRESS CAN BE MADE. A CONTINUATION OF THE STERILE LIMITED OFFICIAL USE

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CONFRONTATION OF RECENT YEARS IS NOT IN ANYONE'S INTEREST.

(IV) THE INDUSTRIALIZED COUNTRIES' AIM IS TO PURSUE A CONSTRUCTIVE AND REALISTIC DIALOGUE WITH THE PRODUCERS. WE MUST SEEK TO RESOLVE THE CONTENTIOUS ISSUES THROUGH CONSENSUS. WE ARE READY TO BE FLEXIBLE IN ORDER TO FACILITATE THE ORDERLY AND EQUITABLE EVOLUTION OF THE WORLD ECONOMY.

(V) WE HAVE ALREADY ACHIEVED A GREAT DEAL. THE LIMA

CONVENTION IS AN EXAMPLE OF THE BENEFITS WHICH COULD
FLOW FROM PRACTICAL CO-OPERATION RATHER THAN QUOTE CON-
FRONTATION UNQUOTE. OTHER RECENT EXAMPLES ARE:

(A) THE RELATIONSHIP WHICH HAS BEEN ESTABLISHED BE-
TWEEN THE EEC AND THE ASIAN DECLARATION OF INTENT
COUNTRIES.

(B) THE MULTILATERAL TRADE NEGOTIATIONS IN GATT WHICH

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ARE CURRENTLY GIVING SPECIAL ATTENTION TO THE PROBLEMS OF
THE DEVELOPING COUNTRIES.

(C) THE GENERALIZED SYSTEM OF PREFERENCES WHICH HAS
BEEN DRAWN UP IN UNCTAD.

(VI) WE SHALL CONTINUE TO DISCUSS THE ISSUES OF THE
NIEO IN THE INTERNATIONAL BODIES CLOSELY CONCERNED SUCH AS
UNCTAD, ECOSOC, UNIDO, GATT, ETC. THERE WILL BE AN OP-
PORTUNITY FOR A MAJOR REVIEW AT THE VII SPECIAL SESSION
IN SEPTEMBER.

BACKGROUND

2. THE CONCEPT OF THE NIEO HAS COME INTO PROMINENCE

OVER THE LAST EIGHTEEN MONTHS OR SO AS DEVELOPING COUNTRIES HAVE BEGUN TO TURN THEIR ATTENTION TOWARDS GAINING A GREATER SAY IN THE CONTROL OF THEIR OWN ECONOMIES AND OF THE WORLD ECONOMY IN GENERAL. THE SUCCESS OF THE OPEC COUNTRIES HAS LED DEVELOPING COUNTRIES TO BELIEVE THAT THERE HAS BEEN A FUNDAMENTAL SHIFT IN THE BALANCE OF ECONOMIC POWER IN THEIR FAVOR AND THAT THIS COULD BE USED TO COMPEL DEVELOPED COUNTRIES TO TAKE MEASURES TO IMPROVE THE DEVELOPING COUNTRIES' TERMS OF TRADE. AT THE LIMITED OFFICIAL USE

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SIXTH SPECIAL SESSION OF THE UN GENERAL ASSEMBLY, HELD IN APRIL/MAY 1974, THE IDEA OF THE NIEO WAS LAUNCHED AND RESOLUTIONS PROCLAIMING IT WERE ADOPTED BY CONSENSUS DESPITE SERIOUS RESERVATIONS ON THE PART OF DEVELOPED COUNTRIES. THE NIEO IS REPRESENTED BY A SERIES OF DEMANDS MADE BY THE DEVELOPING COUNTRIES AND COVERING A WIDE RANGE OF TRADE, AID AND MONETARY MATTERS (AS WELL AS SOME MORE PURELY QUOTE POLITICAL UNQUOTE ISSUES). UNTIL NOW DEVELOPED COUNTRIES GENERALLY HAVE BEEN UNABLE TO ACCEPT MORE THAN A VERY FEW OF THESE DEMANDS BUT THE DEVELOPING COUNTRIES HAVE SO FAR SHOWN THEMSELVES UNWILLING TO MAKE ANY ADEQUATE ACKNOWLEDGEMENT OF DEVELOPED COUNTRIES' RESERVATIONS."

RICHARDSON

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